The 4th Conference and Expo on Purchases of Health and Human Services

August 16, 2005

The Recurring Problems

1. Is your organization getting its money's worth?

2. Do projects finish on time and within budget?

3. Is the quality of the finished project at the expected level?

4. Is a lot of work going into the system and none coming out?

5. Does anyone seem to really care because "that's the way it has always been"?

A "No" answer to any question indicates problems.

Quality Improvement Depends on Preventing Recurring Problems

A. You must first understand continuous quality improvement.

B. Write clear quality requirements

C. Develop a quality mission statement and plan

D. Drive the concept of continuous improvement

E. Monitor and require quantitative reporting

F. Identify and eliminate interdepartmental bottlenecks

Quality Costs

Poor Quality Costs the Organization Money

Prevention

Plan
Train
Design
Analysis

Detection

Inspection
Test
Audit

Internal Failures

Rework
Repair

External Failures

Returns
Refunds
Recalls
Warranties
"Spares"
Reputation Loss

In the long run, it is cheapest to prevent problems.

Understanding What "Quality" Means

Quality is defined as

Meeting the Requirements

This definition assumes that the "Requirements" are

- Clearly and simply communicated to those expected to meet them. (Open ended requirements are NOT CLEAR)

- Controlled so changes to the requirements are also communicated in a real time manner.
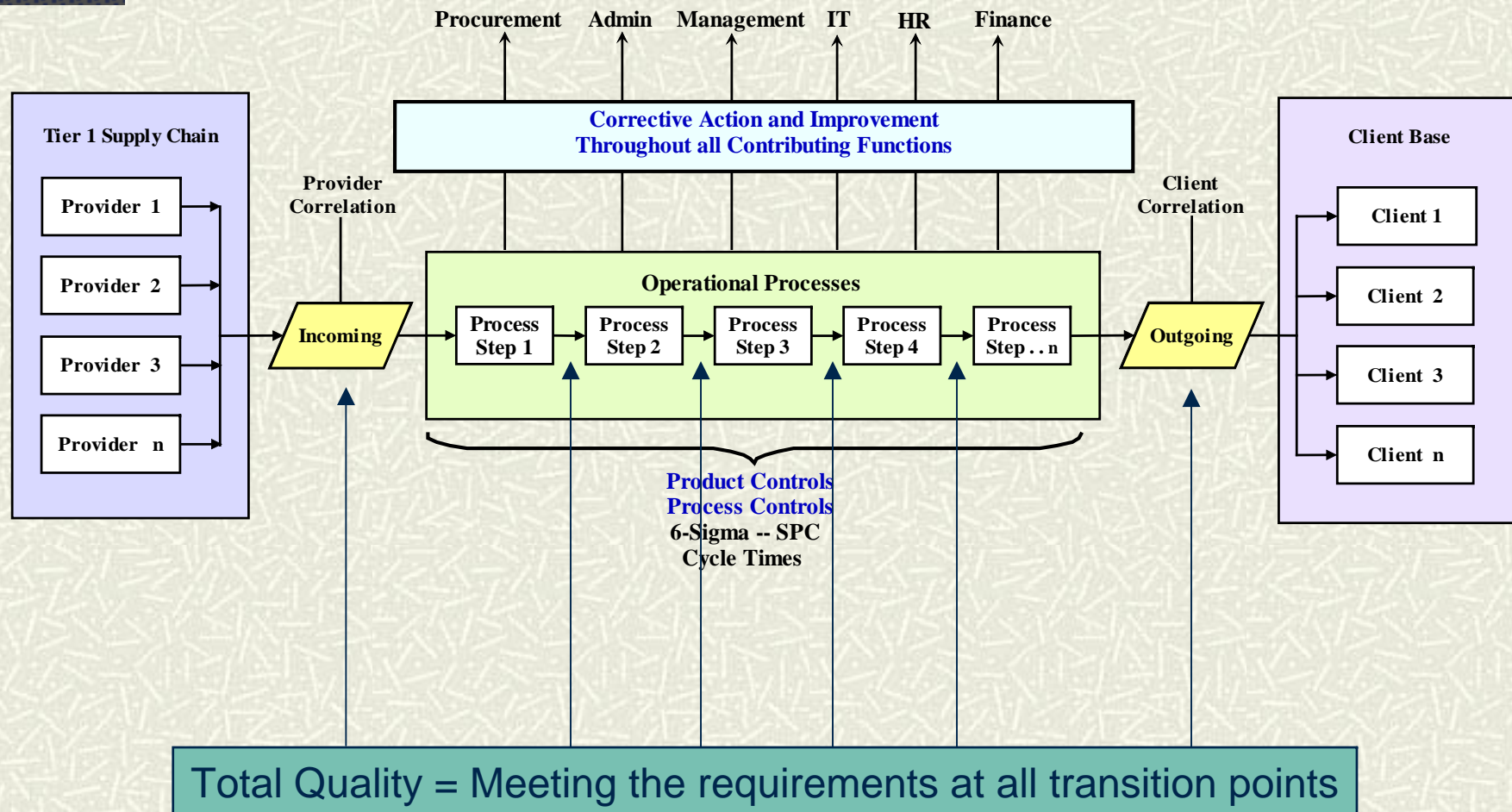
Understand the Goals

"Quality" means the service or product arrives at the specified time, in the specified format, and with all specified elements exactly as required.

This scenario minimizes costs.

- **Zero Percent Late**
- **Zero Percent Incomplete**
- **Zero Percent Incorrect**
- **At Minimum Cost**

Total Quality Improvement

Defining Processes and Getting Control

Procurement   Admin   Management   IT   HR   Finance

Corrective Action and Improvement Throughout all Contributing Functions

Tier 1 Supply Chain

- Provider 1
- Provider 2
- Provider 3
- Provider n

Provider Correlation

Incoming

Operational Processes

| Process Step 1 | Process Step 2 | Process Step 3 | Process Step 4 | Process Step . . n |

Product Controls
Process Controls
6-Sigma -- SPC
Cycle Times

Client Correlation

Outgoing

Client Base

- Client 1
- Client 2
- Client 3
- Client n

Total Quality = Meeting the requirements at all transition points
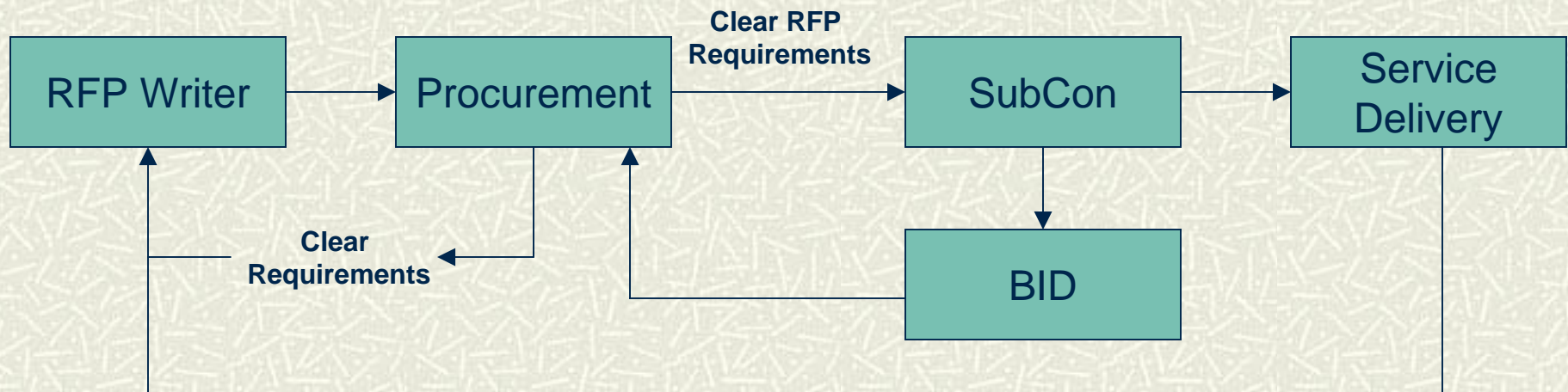
Internal and External Customers

Perceive Your Group as an Internal Customer <u>and</u> as a Supplier

1. Customers must clearly define their requirements if they expect to receive quality "products/services".

   Two major sources of inputs to procurement as a customer

   A. RFP Writers/Developers
   B. Providers

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┌──────────────┐      ┌──────────────┐  Clear RFP   ┌──────────────┐   ┌──────────────┐
│  RFP Writer  │ ───▶ │ Procurement  │ Requirements │    SubCon    │──▶│   Service    │
│              │      │              │ ───────────▶ │              │   │   Delivery   │
└──────────────┘      └──────────────┘              └──────────────┘   └──────────────┘
       ▲                     │    ▲                        │
       │         Clear       │    │                        ▼
       │      Requirements ◀─┘    │                 ┌──────────────┐
       │                          └─────────────────│     BID      │
       │                                            └──────────────┘
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Understand and Use Teams

Organizational Strategy

Give employees authority along with responsibility builds OWNERSHIP (not just accountability).

Here's how to make that happen:

1. **Trust your people. If you don't trust them, why do they work for you?**

2. **Build teams.**

3. **Don't act as a barrier to their ideas, efforts and changes. Facilitate, don't boss.**
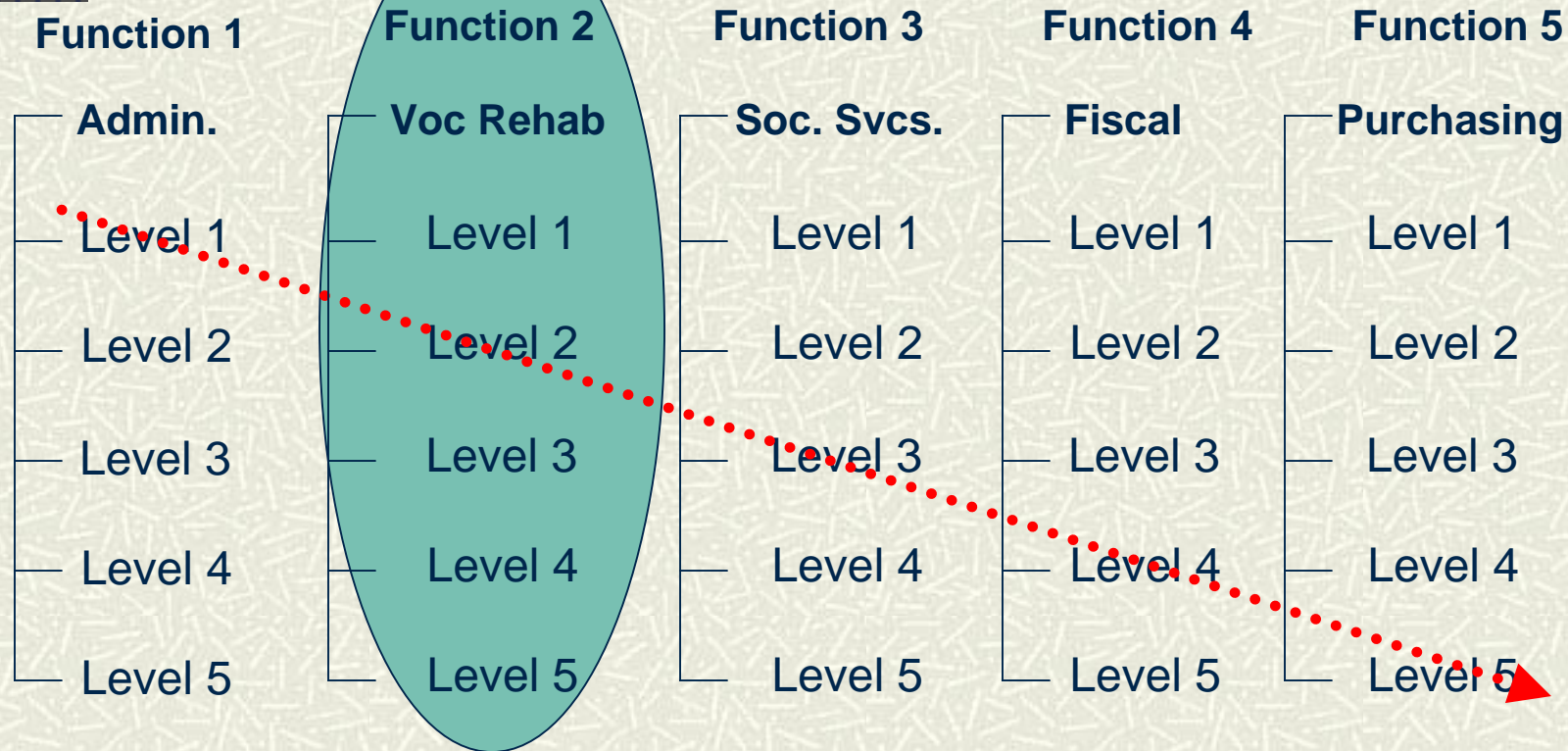
   Functional Improvement Teams

   Functional Improvement teams improve the processes within their sphere of control. All members are part of the same organizational group. They only focus on problems within their function and within their sphere of responsibility and control.

   Cross-Functional Improvement Teams

   Cross-functional improvement teams improve processes across organizational functions.

Cross-Functional and Functional Improvement Teams

Function 1	Function 2	Function 3	Function 4	Function 5
Admin.	Voc Rehab	Soc. Svcs.	Fiscal	Purchasing
Level 1	Level 1	Level 1	Level 1	Level 1
Level 2	Level 2	Level 2	Level 2	Level 2
Level 3	Level 3	Level 3	Level 3	Level 3
Level 4	Level 4	Level 4	Level 4	Level 4
Level 5	Level 5	Level 5	Level 5	Level 5

Selection of team participants depends on the problem and the contribution of the individual in each function to the problem solution.

Who is accountable for each piece in the process now becomes the OWNER.

Motivation to Fix the Problem

❖ **If you believe this is not an important enough issue for you to work on or**

❖ **If you are too busy to spend 3-4 hours per week dedicated to fixing this problem or**

❖ **Your boss creates enough other demands on that you feel you cannot continue then**

then you should not be on the team.

Taking Commitment Seriously

(Basic Team Member Rules)

❖ If you agree to complete a task in a certain period of time, you must complete that task on time and with expertise.

❖ If you believe you cannot complete a certain task, do not commit to completing that task.

❖ If you do not complete a task you committed to complete, you are a …………… !!!!! (Call someone else on your team and have them do the work for you!)

Work Together to Create Change

❖ Taking a **leadership** or team member role

Taking control of quality rather than giving up control to poor quality.

Completing tasks on time with integrity

Contributing **creative and outrageous ideas** (out of the box) as problem solutions.

Think and Act Preventively

- The best solutions to problems are those that clearly identify true CAUSES.

- **The best solutions to problems are those that PREVENT the cause from reoccurring. again.**
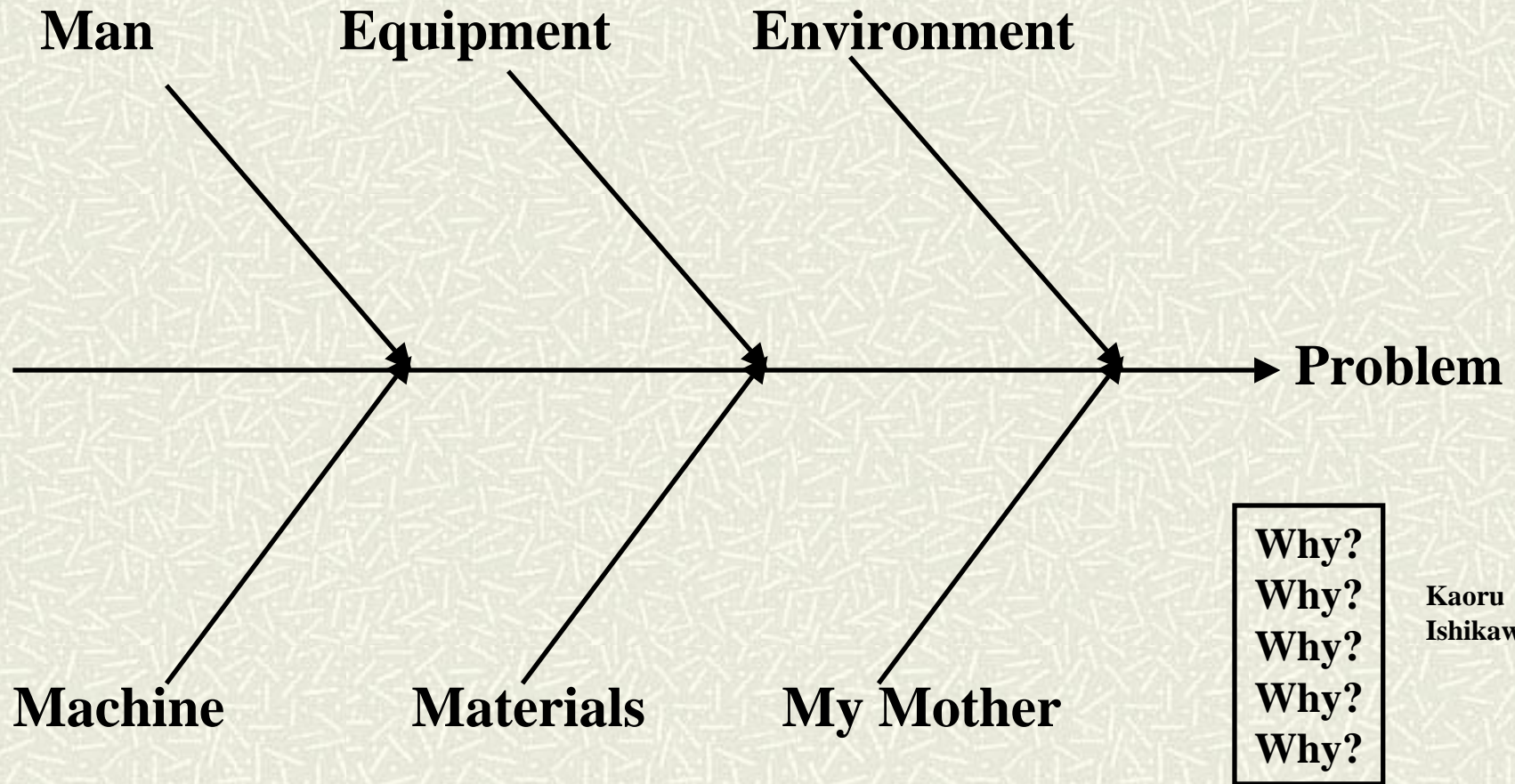
Knowing that Continuous Improvement takes time, focus and effort.

As a Team, We will

1. identify
2. flow chart
3. measure
4. and correct the key process steps
5. pick another problem area and do it again.

Specify when and how data are to be submitted, processed and reported.

- Provide teams with a "data due" calendar that specifies what is due and when data are due.

- Provide <u>identical</u> input formats for all teams.

- Control and communicate changes to dates formats and other details and through a <u>formal change control</u> system.

- Consider a centralized system to collect this data from all projects.

Create a simplified, centralized database to save all functions time, work and money when it comes to reporting.

Flow Chart The Process and Establish Measurement Requirements

Input	→	Process Step 1	→	Process Step 2	→	Process Step 3	→	Process Step 4	→	Output
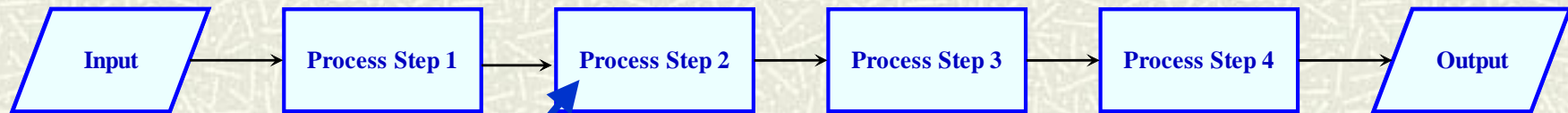
Identify Problem Step(s)

Measure and Correct

Quality Team Corrective Action Status Record

Quality Improvement Tracking

75,000

Trend Over Time

(Improvement Target Line)

Pareto (Top 5 Defects)

1 2 3 4 5

D P M 0

Time → Defects →

Analysis:

Corrective Action Plan

Activity	Deadline	Resp. Person

Status/Other Requirements

Team Members:

Quality Team Corrective Action Status Record
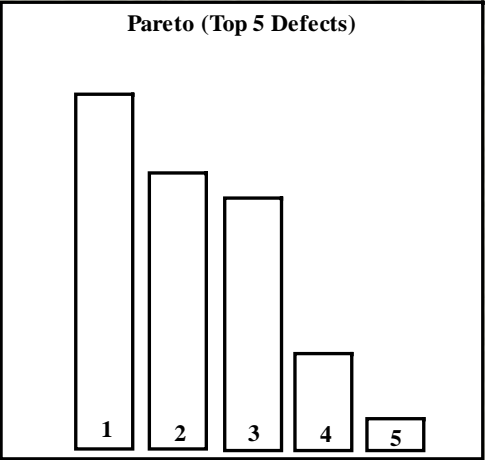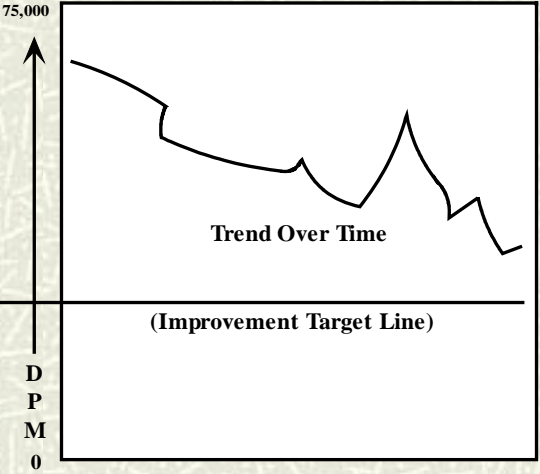
Quality Improvement Tracking

75,000

Trend Over Time

(Improvement Target Line)

D
P
M
0

Time →

Pareto (Top 5 Defects)

1   2   3   4   5

Defects →

Analysis:

Corrective Action Plan
Activity

Deadline	Resp. Person

Status/Other Requirements

Team Members:

Understand and Control Losses in Terms of Time and Money (ROI)

Real-time Reduction Efforts

⊞ Cycle time analysis

⊞ Estimate time and process step losses

⊞ Analyze and establish Time Reduction Targets

⊞ Implement Change Tests and Measure Impact

Financial Impact Analysis (ROI)

⊞ Collect data and establish cost estimates for data/file rework and returns

⊞ Set cost reduction targets

⊞ Implement Change Tests and Measure Impact

Team Meeting Minutes

Project/Team Name: _____ **Week #** _____

Date_____

Project Goal: _____

Team Leader _____

Members in Attendance (Names):   Specialization

1. _____ _____

2. _____ _____

3. _____ _____

4. _____ _____

5. _____ _____

Activity/Objective	Resp	Due Date	Comp

Problems/Issues

Team Agenda Controls

- Meeting Day:
- Start Time:
- Length: Suggest 2 Hours
- End Time:
- Meeting Place:
- Who will arrange this meeting?:
- Who will facilitate?

Cycle Time

Goal: To reduce the time a process takes

Application: Any process that takes forever (or just too long).

Symptoms:

1. We just can't get things done on time.
2. A lot of work is going in, nothing is coming out.
3. We need more people!

Cycle Time Analysis

One cycle is the time it takes the paperwork or product to go from start to finish. The cycle is measured in terms of weeks, days, minutes.

Each step in the process is measured:
Wait Time: Completion minus Start
Process Time: Completion minus Start

Example: Approval Process for Client Services
A. Attach traveler to the client file/paperwork
B. Enter the start date/time on the traveler
C. As paperwork goes through the process, each process step enters the start date/time and stop date/time
D. The time the paperwork is actually being worked on is measured and recorded as "process time"
E. All other time is "Wait" time.
F. When paperwork is complete, traveler is summarized and traveler data is entered into cycle time analysis database.
G. Trends are summarized and plotted (next slide).

Cycle Time
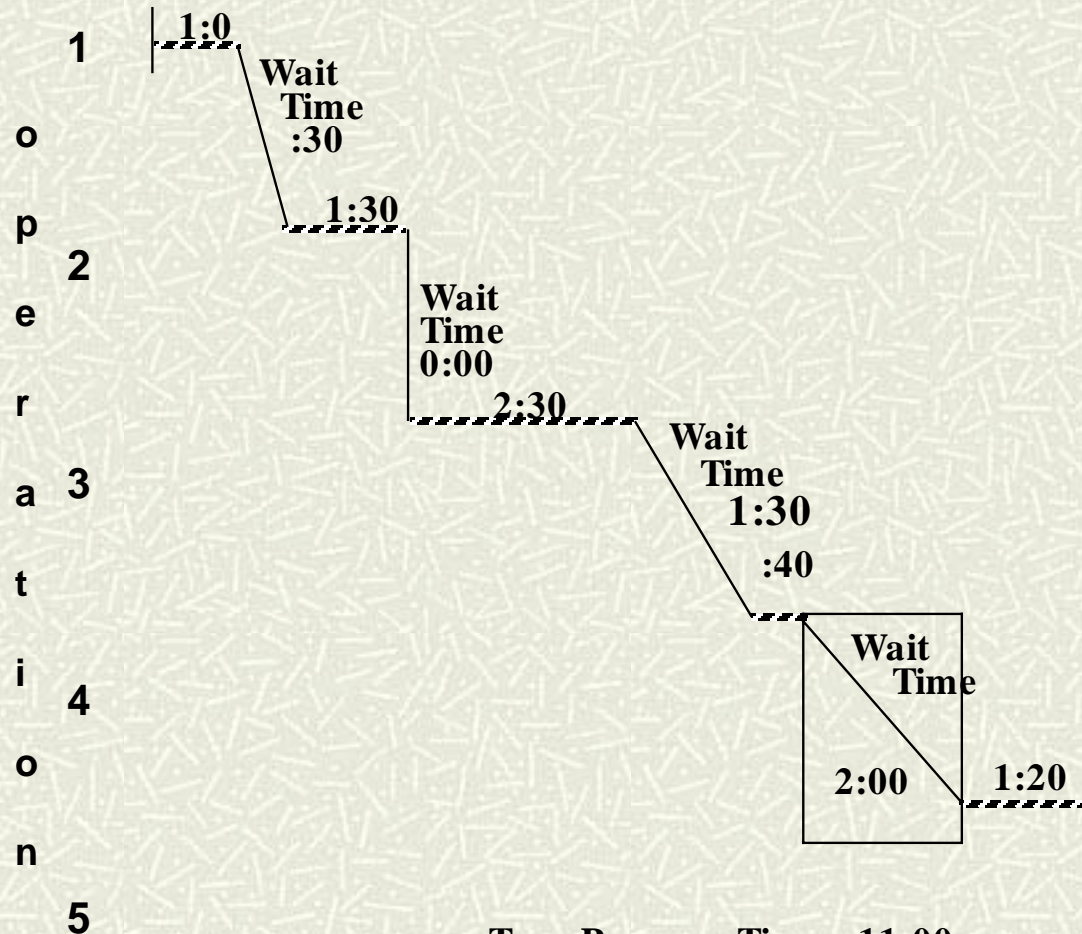
Cycle Time Pareto Analysis

3   4-5   2   3-4   5   1   4   1-2
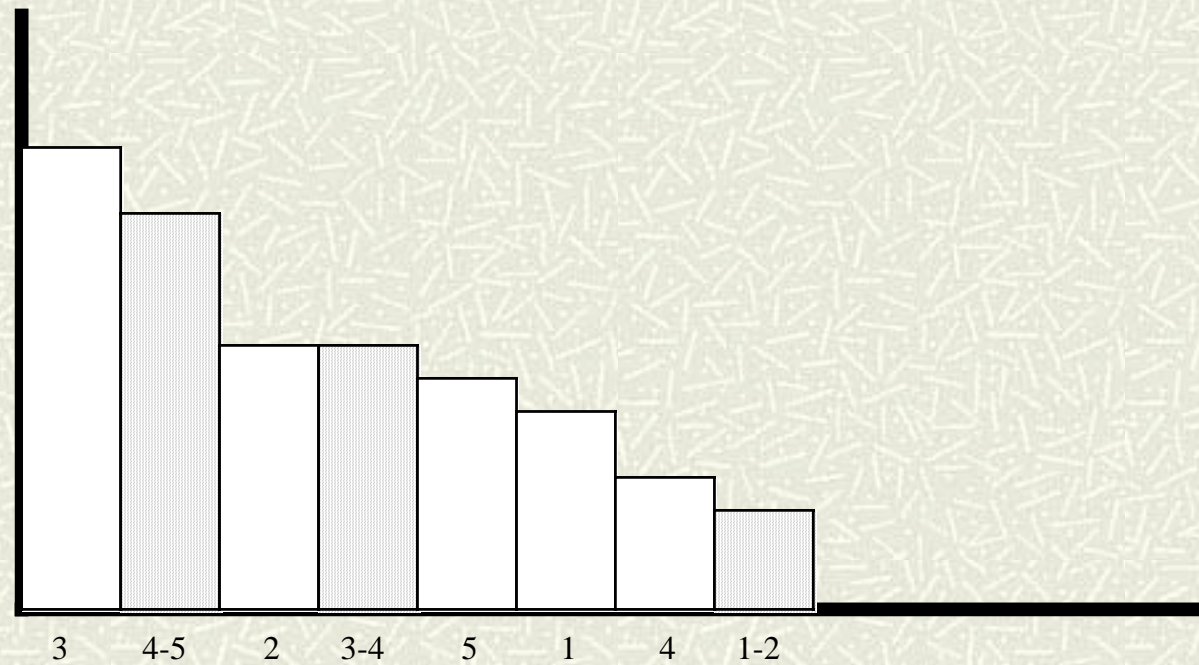
# Quality's Continuous Improvement Summary

1. Identify internal/external problem areas
   a. Functional (I/we can fix our own problems)
   b. Cross Functional (We must work together across functions in order to repair processes)
2. Form functional or cross functional teams - Empower
3. Flowchart the process steps and pick a place to fix
4. Decide where/how to collect baseline data
5. Brainstorm possible causes (Ishikawa Diagrams)
6. Collect Baseline and Trend Data (Cycle Times, Defects)
7. Pareto Analysis, pick the number one issue.
8. Change Cycles (Test, retest until trends change)
9. Recognition/Reward For Successes

Project Selection

If you don't know where to start, start somewhere.
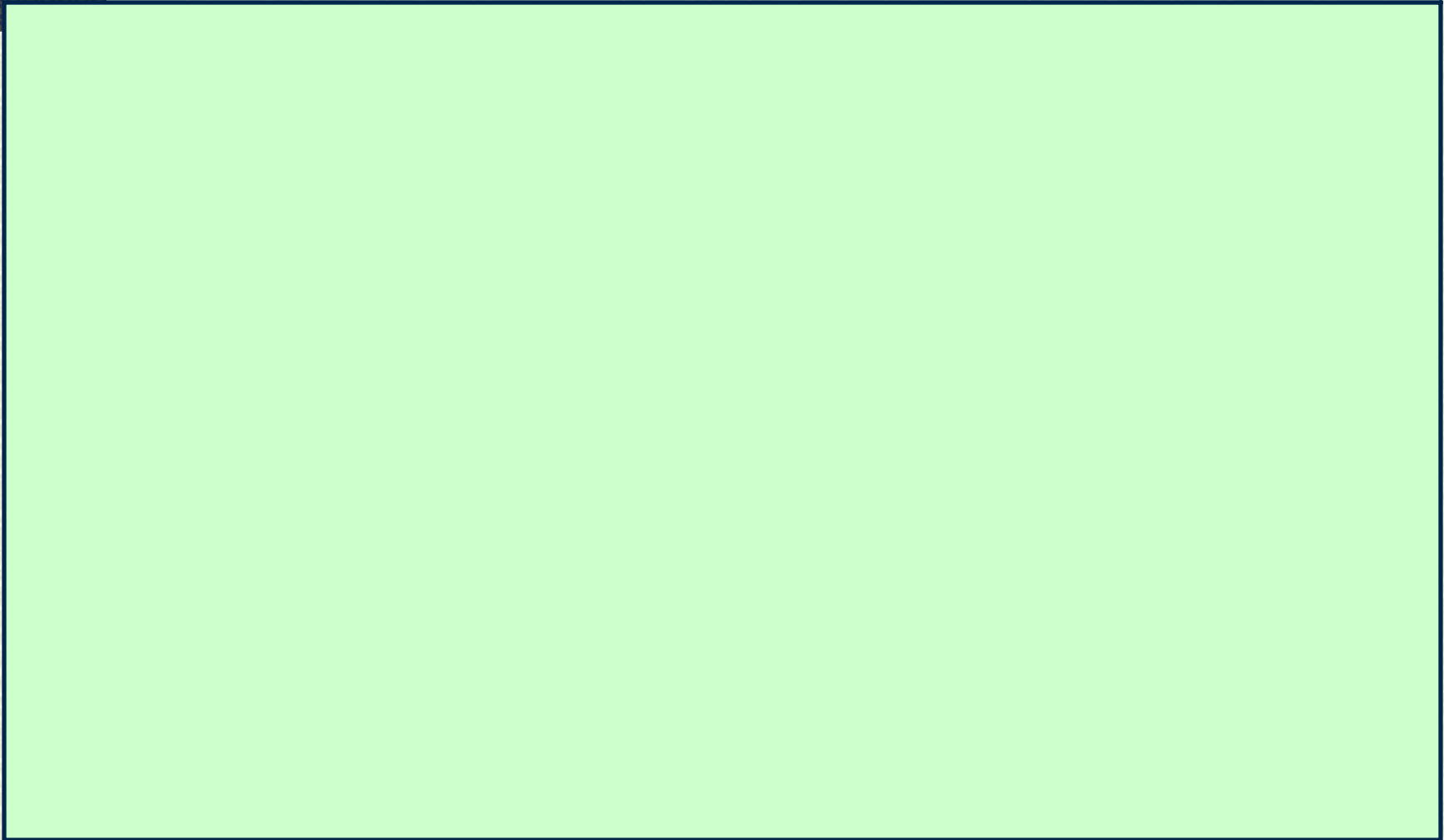
About Dr. John M. Ryan

Dr. John Ryan as the president of Ryan Systems has spent over 30 years in the quality profession having established highly successful quality systems in large and small companies and public organizations throughout the US, Thailand, China, Korea, the Philippines, Singapore, Malaysia, Guam and Mexico. His has contributed to the continual development of the quality profession through his book "The Quality Team Concept in Total Quality Control" and many articles over many years. His recent work on Internet Quality has helped establish shopping and wet site security improvement standards and he has recently published "The Quality Game", an interactive Internet tool designed to test and teach preventive thinking (http://www.thequalitygame.com.). After teaching quality and operations improvement courses for the Orfalea College of Business at the California Polytechnic State University in San Luis Obispo, California, Dr. Ryan now lives in Laie, Hawaii.